

BEACON



H I L L
ASSOCIATES INC
ENVIRONMENTAL INSURANCE

Claim Scenarios for Tanks

Following are a series of claim examples provided to us by our insurance companies. These represent actual environmental claims they have seen. While the coverages we offer are designed to address these general issues, we make no guarantee or warranty that any individual policy we offer your client will respond to all issues as described herein. Please refer to the actual policy wording in each offered form to determine coverage applicability and acceptability.

- **Manufacturer-** A diesel fuel tank system's piping released a substantial amount of fuel into soil and groundwater that eventually migrated to a nearby stream. Subsequent soil and groundwater remediation costs of \$600,000 were incurred to satisfy environmental regulators and settle the claim..
- **Gas Station-** A motorist collided with a fuel pump causing piping to be disrupted and fuel to be released. A claim payout of \$35,000 was incurred for necessary soil remediation.
- **Fuel Oil Distributor-** Corrosion in an aboveground storage tank caused a leak resulting in soil and groundwater contamination. Cost to remediate was \$270,000.
- **Unusual Loading and Unloading-** A delivery driver makes his last stop at a service station closest to his home at 10pm and discharges 10,000 gallons of fuel. The next morning the same driver returns to the same store and proceeds to unload 10,000 gallons more, only this time it seeps out of the vents in the system and out into the road. A discard cigarette ignites the trail and the service station explodes killing seven people. The carrier for the tank policy pays a claim under the loading and unloading coverage. (subrogate against the tanker firm)
- **Gas hauler delivers fuel to a service station but unloads into a monitoring well rather than into a tank.** The monitoring well is on site to access the ongoing ground water clean up from prior contamination and is not to receive several thousand gallons of petroleum. (clean-up corrective action from loading and unloading)
- **A customer hit a pump while exiting a gas station.** The next customer pulled in a convertible and went to fill up. A broken connection allowed the gas to gush out over the car causing damage to the vehicle and to items he just happened to have on the back seat. (BI/PD component resulting from overfill including legal defense when he sued the station owner)
- **A UST leaks petroleum into a neighbors drinking water well.** Well must be shut down and drinking water must be provided to neighboring properties and pipeline installed to municipal water supply, all at the tank owners expense.
- **A service station customer drives away with nozzle still in their car.** The hose breaks and releases 125 gallons of fuel onto concrete which then runs into asphalt street. Asphalt melts and must be repaired and replaced. Fuel must be cleaned up.
- **An oily sheen was observed on a local stream.** It was traced back to a slow leak from an underground tank at a service station. It was determined that the contamination had impacted the stream for over five miles. Station owner is responsible for clean up and Natural Resources Damages. Estimated total costs are in the hundreds of thousands of dollars.

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